



**Foundations for success**

## Foundations for success

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# Vetropack Locations

**55 %**

Use of recycled glass in the production process

**5.16**

Unit sales every year in billions

**714.9**

Net sales in CHF millions

**9**

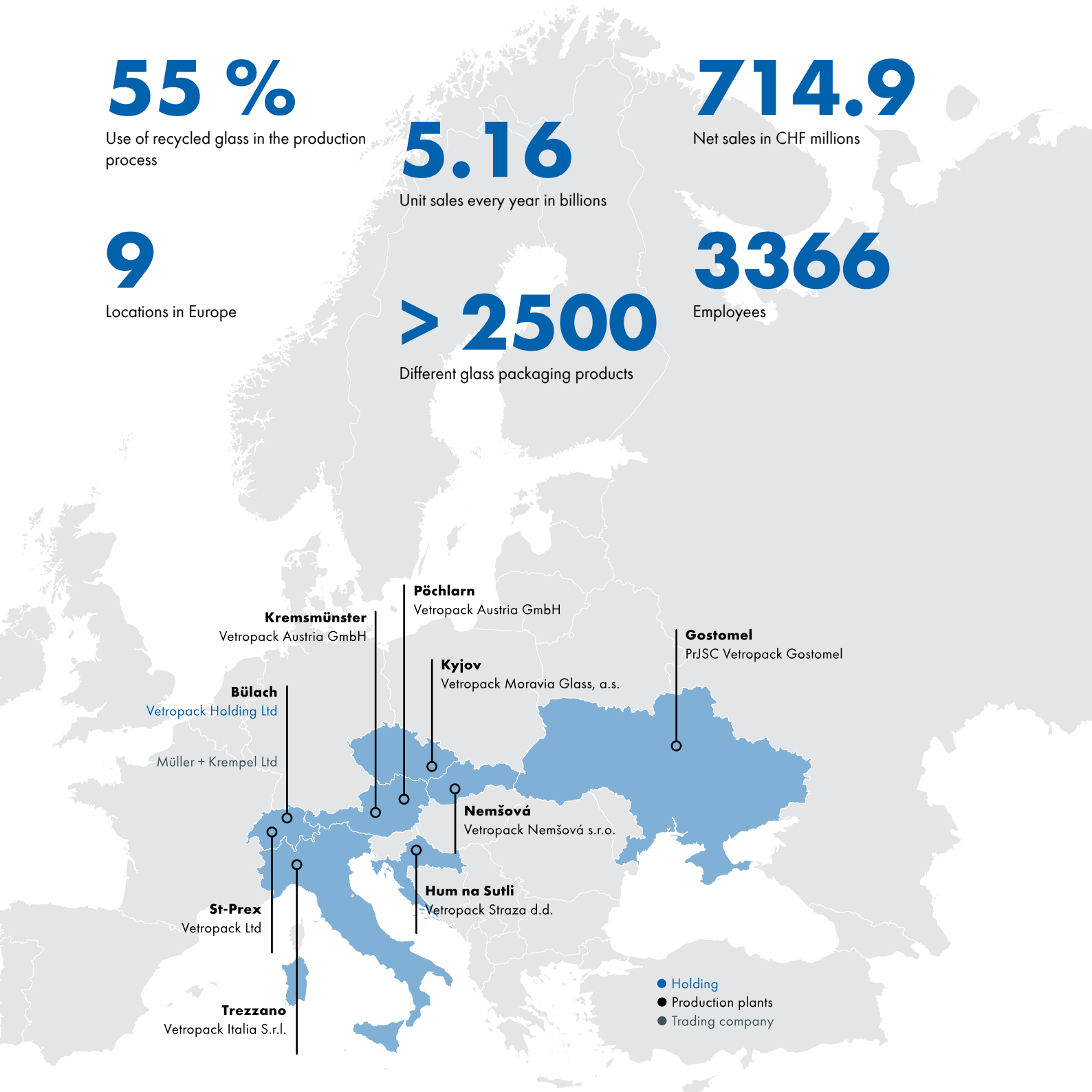
Locations in Europe

**> 2500**

Different glass packaging products

**3366**

Employees





## **Vetropack Holding Ltd**

### **Bülach (CH)**

Vetropack Holding Ltd is a Swiss company that operates internationally. Together with its subsidiaries, it produces glass packaging for the food and beverage industry. Vetropack Holding's administrative headquarters are based in Bülach in the canton of Zurich, while its registered office is in St-Prex in the canton of Vaud. In 2019, the corporate group employed 41 people. The company is listed on the SIX Swiss Exchange.





## Vetropack Ltd

### Bülach and St-Prex (CH)

Vetropack Ltd produces, sells and distributes glass packaging in Switzerland. Our glassworks is at our site in St-Prex in the canton of Vaud and our sales offices are in Bülach near Zurich.

|                                |                        |
|--------------------------------|------------------------|
| Founded                        | 1911                   |
| Takeover by Vetropack          | Parent company         |
| Area                           | 106 000 m <sup>2</sup> |
| Number of furnaces             | 1                      |
| Number of production lines     | 4                      |
| Net sales 2019 in CHF millions | 88.6                   |
| Employees as at 31.12.2019     | 204                    |





Top: Pöchlarn, Bottom: Kremsmünster

## Vetropack GmbH

### Pöchlarn and Kremsmünster (AT)

#### Site Pöchlarn

Vetropack Austria produces glass packaging in Austria. We sell and distribute our goods in Austria and on selected export markets. Our sites are located in Pöchlarn (Lower Austria) and Kremsmünster (Upper Austria).

|   |                        |
|---|------------------------|
| Founded   | 1980                   |
| Takeover by Vetropack                                 | 1986                   |
| Area  | 137 000 m <sup>2</sup> |
| Number of furnaces                                    | 2                      |
| Number of production lines                            | 7                      |
| Net sales Vetropack Austria GmbH 2019 in EUR millions | 202.6                  |
| Employees Vetropack Austria GmbH as at 31.12.2019     | 711                    |

### Site Kremsmünster

|   |                        |
|---|------------------------|
| Founded   | 1954                   |
| Takeover by Vetropack                                 | 1993                   |
| Area  | 147 000 m <sup>2</sup> |
| Number of furnaces                                    | 3                      |
| Number of production lines                            | 7                      |
| Net sales Vetropack Austria GmbH 2019 in EUR millions | 202.6                  |
| Employees Vetropack Austria GmbH as at 31.12.2019     | 711                    |





## Vetropack Moravia Glass, a.s. Kyjov (CZ)

Vetropack Moravia Glass, a.s., produces, sells and distributes glass packaging in Czech Republic. Our site is in Kyjov.

|                                |                        |
|--------------------------------|------------------------|
| Founded                        | 1883                   |
| Takeover by Vetropack          | 1991                   |
| Area                           | 160 000 m <sup>2</sup> |
| Number of furnaces             | 2                      |
| Number of production lines     | 7                      |
| Net sales 2019 in CZK millions | 2 398.7                |
| Employees as at 31.12.2019     | 467                    |





## Vetropack Straža d.d.

### Hum na Sutli (HR)

Vetropack Straža d.d. produces, sells and distributes glass packaging to the Croatian domestic market as well as to the neighbouring markets in Slovenia, Hungary, Bosnia, Serbia and other countries in south-eastern Europe. Our site is in Hum na Sutli.

|                                |                        |
|--------------------------------|------------------------|
| Founded                        | 1860                   |
| Takeover by Vetropack          | 1996                   |
| Area                           | 169 400 m <sup>2</sup> |
| Number of furnaces             | 3                      |
| Number of production lines     | 11                     |
| Net sales 2019 in HRK millions | 862.5                  |
| Employees as at 31.12.2019     | 588                    |





## Vetropack Nemšová s.r.o.

### Nemšová (SK)

Vetropack Nemšová s.r.o. produces, sells and distributes glass packaging in Slovakia. Our site is in Nemšová.

|                                |                        |
|--------------------------------|------------------------|
| Founded                        | 1902                   |
| Takeover by Vetropack          | 2002                   |
| Area                           | 185 360 m <sup>2</sup> |
| Number of furnaces             | 2                      |
| Number of production lines     | 7                      |
| Net sales 2019 in EUR millions | 65.2                   |
| Employees as at 31.12.2019     | 378                    |





## PrJSC Vetropack Gostomel

### Gostomel (UA)

PrJSC Vetropack Gostomel Glass Factory produces, sells and distributes glass packaging in Ukraine. Our site is situated in Gostomel.

|                                |                        |
|--------------------------------|------------------------|
| Founded                        | 1912                   |
| Takeover by Vetropack          | 2006                   |
| Area                           | 229 600 m <sup>2</sup> |
| Number of furnaces             | 3                      |
| Number of production lines     | 8                      |
| Net sales 2019 in UAH millions | 2 416.7                |
| Employees as at 31.12.2019     | 631                    |





## Vetropack Italia S.r.l.

### Trezzano sul Naviglio (IT)

Vetropack Italia S.r.l. produces, sells and distributes glass packaging mostly in Italy. Our site is in Trezzano sul Naviglio.

|                                |                       |
|--------------------------------|-----------------------|
| Founded                        | 1960                  |
| Takeover by Vetropack          | 2015                  |
| Area                           | 88 700 m <sup>2</sup> |
| Number of furnaces             | 2                     |
| Number of production lines     | 6                     |
| Net sales 2019 in EUR millions | 78.8                  |
| Employees as at 31.12.2019     | 290                   |




## **Müller + Krempel Ltd**

### **Bülach (CH)**

The trading company Müller + Krempel Ltd, a member of Vetropack Group, is one of Switzerland's leading service providers for packaging for the food, pharmaceutical and cosmetics industries. In 2019, the company employed 11 people and achieved net sales of CHF 10.2 million.





Foundations for success

# Market environment of- fering opportunities and challenges



The glass industry is based on a traditional craft whose manufacturing processes have been refined over decades. The value chain is also geared towards the long term, characterised as it is by long-standing relationships with suppliers and customers. Moreover, glass container manufacturers are reliant above all on external partners in the fields of energy, transport and raw materials. That is why this is an industry where change always requires a lengthy lead time. Now, however, the framework conditions in the glass industry are evolving faster than ever. The main driving forces behind this include digitalisation, automation and growing expectations on the part of various stakeholder groups. To ensure that it can meet customers' needs both now and going forward, Vetropack constantly tracks new trends and monitors the market environment with the aim of identifying opportunities and challenges early on and finding proactive ways to deal with them.

## **Buoyant market environment helps make the fiscal year a success**

The market environment for the glass packaging industry continued on an extremely positive note in 2019. In addition to good economic framework conditions, the enduring favourable attitude towards glass as a packaging material had a beneficial impact on Vetropack Group's business development. 2019 saw the company invest in two planned furnace overhauls, while another two furnaces were partially renovated. As part of these modernisation schemes, production capacities were also expanded with a view to keeping up with demand in the market. This meant that Vetropack was able to maintain its market share at a constant level across all markets.

While the mood in most European markets is very much "pro glass" and overall market volumes are therefore rising, there are also some markets where demand has tailed off slightly. In Switzerland, where Vetropack added to its market shares in 2019, demand for glass dropped a little, with cans proving a more popular choice for packaging products such as beer. On top of this, more packaged products are being imported and therefore fewer drinks and food items are being packaged in bottles or jars in Switzerland.

In Ukraine, several factors led to a decline in demand for glass containers. For one thing, depopulation caused by the political situation there is reducing demand, while a trend favouring products such as beer over spirits is also pushing it downwards.

## Customers expect plenty of flexibility and individuality

Across Europe, the industry is increasingly moving towards more sustainable packaging materials. As part of this shift, the trend is veering towards smaller and lighter glass containers as well as returnable bottles. Customers are taking a more differentiated approach towards packaging, so glass container production needs to be more and more flexible and geared towards individual solutions. One example of this is packaging for microbreweries, which require smaller batches and custom designed glass bottles. Vetropack is also on the lookout for micro trends in local markets, like Austria, where glass has recently enjoyed a resurgence as a packaging material for certain food products such as milk. Local trends like these have the potential to impact on the industry in the medium to long term.

## New regulations and technological developments leaving their mark on the industry

Political and social macro trends are also making an impression on the glass industry. One such example is climate change. Changes in the climate have both a direct and an indirect bearing on the industry. They have an indirect effect because demand for glass containers is dependent on agricultural harvests, while their direct impact comes from political and regulatory developments in the EU. The EU's push for climate neutrality by 2050 requires energy-intensive sectors such as the glass industry to increase their energy efficiency. The European Commission reported on the complete implementation of the Circular Economy Action Plan in 2019 and this, along with the EU upping its recycling rates, is prompting changes both in the packaging industry and in consumer behaviour. Increasing glass collection rates has a positive effect on recycling quotas and therefore sustainability in the glass industry. Vetropack has also noticed a greater awareness of health and the environment amongst consumers, which is why demand for glass as a packaging material has – thanks to glass being fully recyclable – been rising steadily in recent years.

Another factor influencing the glass manufacturing process, and indeed all other business processes, is technological innovation and the advances in digitalisation and automation it brings. With its digitalisation strategy, Vetropack is paving the way for the “fourth industrial revolution” and has already made many processes more efficient as part of this move. These changes are crucial to ensuring long-term competitiveness.

# New Group strategy tackles opportunities and challenges

During the past fiscal year, Vetropack updated its corporate strategy with a view to exploiting the opportunities and dealing proactively with the challenges that come with the dynamic industry environment. Strategy 2030 lays the foundations for successful business development over the next ten years. The new strategy, which was approved by the Board of Directors in January 2020 and applies with immediate effect, will be reviewed annually.

In 2019, alongside its general strategy development, Vetropack focused particularly on issues that are deemed key to the Group's success. These include boosting production capacity, product innovation, energy efficiency, increasing the proportion of used glass, and leading and guiding employees along the path towards the fourth industrial revolution.

Foundations for success: Vetropack Strategy 2030



## Production capacity

Given the long investment and operating time frames for glass-making furnaces, which are in constant use for around twelve years once they have been fired up, glass production is not something that can be increased or reduced easily. That is why demand outstripped the production capacity of Vetropack during the year under review. To remedy this, Vetropack is investing in capacity expansion measures such as furnace overhauls and the construction of a new plant in Italy. Multi-gob machines can also be used to counteract the lack of flexibility in production, as they can process smaller batch sizes and a range of product segments. Vetropack uses these machines in almost all the countries in which it operates so that it can respond flexibly to customers' requirements for smaller production quantities. However, this flexibility also increases the degree of complexity at the end of the production process – the quality control stage – for example because separate checking and packaging processes have to be set up for each individual segment.

## Product innovation

Following a lengthy development and testing phase, Vetropack launched its first VIP Glass product in 2019. For the first time, the company is offering a returnable bottle with a distinctive low-weight design that reduces the consumption of raw materials and energy. The trend towards returnable bottles is giving Vetropack the opportunity to consolidate its successful position in the glass container market by further developing its VIP Glass technology as part of its innovation strategy.

## Energy efficiency

With glass production being so energy-intensive, increasing energy efficiency is very much a top priority at Vetropack. The top-level management is making sure that company-wide measures for reducing energy consumption, and therefore also CO2 emissions, are being put into practice. For instance, the energy management system developed specifically for Vetropack is to be rolled out across all plants in 2020 following a successful three years of testing in Croatia. In addition, Vetropack is joining forces with other glass packaging producers from International Partners in Glass Research (IPGR) and getting actively involved in further developing the glass manufacturing process in a sustainable way. Innovations with regard to lighting the furnaces and optimising glass production machinery offer the opportunity to make production both more energy efficient and more cost-effective in future.



### Ensuring a high proportion of used glass

Although recycling rates in Switzerland and Austria are very high, providing a sufficient quantity of used glass to many locations is still proving a problem. It is not just supply that is an issue – the quality of the used glass needs to be improved too in future in order to produce glass containers to a satisfactory final standard. The EU's targeted glass collection rates are aimed at feeding more used glass into the recycling process. Increasing the supply of high-quality used glass would make it possible to use a higher proportion of them in production, thus making the end products even more sustainable. However, it remains to be seen whether, and how quickly, the EU member states achieve the higher collection targets. Progress in this respect depends largely on these standards being enshrined in national legislation, something over which Vetropack has virtually no influence.

### The fourth industrial revolution

Vetropack is continuously working on digitalising and automating production processes and operational sequences. In 2019, it managed to implement five projects from its digitalisation roadmap, including implementing systems for automated invoicing, document management, energy management and regulating product development workflows. A new ERP-SAP system was also introduced, providing a basis for all further steps towards digitalisation.

As well as laying the technical foundations for putting the digitalisation roadmap into practice, Vetropack is very keen to ensure that all staff keep up with the pace of change. It is therefore co-ordinating closely with its employees and systematically preparing the workforce as a whole for the fourth industrial revolution. For example, training sessions are being run at the training centre in Pöchlarn, and these were fully booked for the first time in 2019. Vetropack also carried out an employee survey during the year under review in order to gauge the needs and requirements of its staff. Based on the results from this survey, all business units are developing proposals for improvement and thereby getting all employees involved in shaping the company's future. The establishment of the Corporate Human Resources department will also further reinforce the focus on staff development in future.



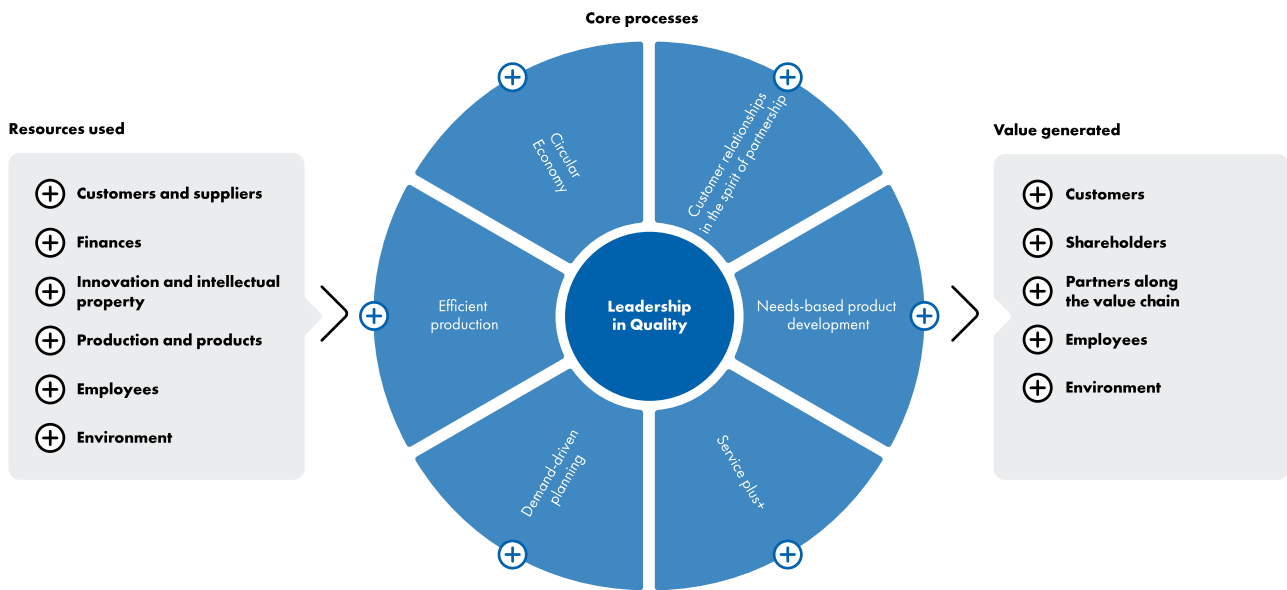
Foundations  
for success

# | Business model

## Leadership in Quality

At Vetropack Group, leadership in quality is the most important key to success. This is why quality is considered at every step, from production through to accounting, and from engineering through to sales. For this reason, quality – as part of the claim “Leadership in Quality” – is also at the heart of Vetropack Group’s revamped presentation of its business model, which illustrates the Group’s integrated understanding of value creation. Instead of focusing merely on financial success, this philosophy also emphasises the many different resources Vetropack needs in order to create lasting value for its customers, shareholders, employees, partners along the value chain and the environment. In this, it relies on a corporate culture centred around team spirit and cooperation within its diverse workforce in different countries around the world.

### Business model Vetropack Group





## Resources used

### Customers and suppliers

A broad customer base and partnerships built on trust are key drivers of value creation at Vetropack. They allow the company to plan for the future, try out new things and grow together as we overcome challenges. The close cooperation between customers, Vetropack's own specialists, external designers and mould-makers enables efficient development work and results in winning products.

### Finances

Vetropack Group's strategy is geared towards ensuring the company's long-term development that takes account of its stakeholders' interests, an approach in line with the expectations of Vetropack Group's majority shareholders. As Vetropack's growth is largely financed from its own resources, the company places great value on increasing cash flow and improving profitability as this ensures financing for its continued development. Long-term supply and purchase agreements help Vetropack to achieve a high level of financial certainty in its planning, facilitating targeted investments.

### Innovation and intellectual property

Vetropack focuses on innovation in its products, processes and organisational structure in order to continue meeting its customers' requirements with innovative, high-quality and environmentally sustainable products in the future too. Besides the systematic management of its intellectual property (patents), Vetropack also, and in particular, engages its customers and suppliers in a close dialogue that stimulates both process and product innovations and thus makes a direct contribution to improving efficiency for both sides.

### Production and products

As part of the Vetropack production system, Vetropack works to implement lean production principles and systematically reduce inefficiencies of all kinds. The company also applies uniform quality standards and checks each individual glass container in order to achieve outstanding product quality. Vetropack continuously improves all the processes along its value chain in the spirit of "One brand, one quality", making increasing use of digital tools and automation solutions. As well as bringing Vetropack efficiency savings, this also meets its customers' need for comprehensive information on product quality.

### Employees

Vetropack's sustainable growth and market success are underpinned by dedicated, highly qualified staff and an experienced management team. To stay innovative and competitive, Vetropack focuses on providing targeted continuing professional development for its employees and fostering talent in a systematic way. Alongside practical on-the-job training schemes, all Vetropack staff have access to a training centre in Austria. Attractive career opportunities within the Group also open up prospects for staff that help keep their wealth of expertise within the company.

### Environment

Vetropack aims to be as environmentally sustainable as possible in its production and has made using natural resources sparingly a key tenet of its corporate strategy. Most notably, the large amount of energy required in the glassmaking process poses a particular challenge, one that Vetropack is tackling by continuously modernising its production facilities and implementing an energy management system.

## Core processes

### Customer relationships in the spirit of partnership

Vetropack's holistic value creation is based on customer relationships in the spirit of partnership. A strong level of demand on the glass container market has prompted Vetropack to invest more than the industry average in an effort to increase the availability of its products. This allows the company to retain the loyalty of key customers and attract new ones. With consumers becoming increasingly aware of the benefits of glass packaging, new acquisition opportunities are also opening up, such as in the markets for dairy products, functional beverages and low-alcohol and alcohol-free beers.

### Needs-based product development

Developing tailored, high-quality glass packaging requires Vetropack to work closely with the customer right from the start, regardless of who actually provides the idea for the innovation process. This is because external designers are often commissioned to come up with a design in addition to the ideas drafted by the customers themselves. Either way, a comprehensive list of requirements that the future glass packaging has to meet needs to be specified so that the development work can be progressed efficiently. In an initial phase, precise 3D models simplify the decision-making process. Once the concept has been developed further using wooden, acrylic or 3D printed models, it is fine-tuned on the bottling line. This is how Vetropack gets innovative solutions market-ready quickly and successfully.

### Service plus+

Vetropack offers its customers a comprehensive range of products and services that goes well beyond making glass packaging. Its services cover packaging design, high-quality production and on-time supply, packaging analysis advice and support, bottling, conditioning and closure technology, glass finishing and labelling, and even the calculation of environmental footprints. Vetropack thus helps its customers optimise all the process steps involved in launching a new type of glass packaging.

### Demand-driven planning

Vetropack strives constantly to optimise the planning for and availability of its products. It uses demand forecasts to align all processes – from purchasing the raw materials and planning production through to shipping the finished products – with one another in the best possible way to maximise capacity utilisation in all its production facilities. This includes simplifying the product mix at some sites as part of a colour campaign strategy in order to use facilities more efficiently and increase flexibility.

### Efficient production

To enable energy-efficient production at an optimum cost level, Vetropack invests continuously in more efficient, more flexible production lines that can also process smaller batches and multiple product segments. This allows the company to respond more effectively to seasonal demand peaks in the beverage market. As part of its digitalisation roadmap, Vetropack is making targeted use of the opportunities presented by automation and digitalisation to simplify repetitive production and administration processes. The company is also ensuring that energy consumption and the associated CO<sub>2</sub> emissions are reduced by implementing an energy management system that it developed itself.

### Circular economy

Vetropack's business model supports the transition to a circular economy as it is based on natural raw materials that can be recycled almost infinitely. Following its pioneering work in glass recycling back in the 1970s, Vetropack now collects used glass for recycling in all the countries in

which it operates glassworks. This is because white and amber glass can be made with up to 60% used glass, whereas the figure for green glass can be as high as 100%. Vetropack works with special-purpose associations in many countries to maximise collection rates. The company is also promoting the development of multi-trip bottles, some of which are made from resource-efficient lightweight glass (VIP Glass) and are thus even easier to handle.

## Value generated

### Customers

Vetropack Group's customers can rely on an experienced partner in a strong market position that offers an extensive range comprising over 2,500 different kinds of glass packaging. Even when faced with the most detailed of requirements, Vetropack develops innovative, cost-effective solutions that meet the highest quality standards, thus helping to increase the value of its customers' brands. Vetropack also supports its customers in making lasting improvements to their entire process chain, from development through to bottling.

Performance Review: Customers and suppliers



Performance Review: Innovation and intellectual property



Performance Review: Production and products



### Shareholders

Vetropack Group generates robust, profitable growth by focusing its corporate strategy on the long term and making continuous investment in its production facilities and recycling systems. This has allowed the company to pay a dividend to its shareholders for many years now.

Performance Review: Finances



### Partners along the value chain

Vetropack Group places great value on treating its stakeholders as partners and, in particular, on strengthening relationships with strategically important suppliers. These benefit from long-term business relationships and supply agreements and thus from a high degree of certainty in their forecasting and planning.

Performance Review: Customers and suppliers



### Employees

Much of Vetropack Group's market success is driven by its employees. In exchange, they can rely on an employer that offers stable and attractive jobs. Staff also benefit from a wide range of professional development opportunities, strengthening their bond with the company. Many employees also appreciate working for a sustainable company with whose products they can identify.

Performance Review: Employees






## Environment

Investing in state-of-the-art production facilities generates efficiency savings that deliver benefits not least for the environment, because cutting energy consumption also steadily reduces CO2 emissions. Vetropack also uses a high percentage of used glass in its production and thus contributes to an environmentally friendly circular economy.

[Performance Review: Environment](#)





Vetropack  
Strategy 2030

**A “strategic journey”  
towards a successful fu-  
ture**



**At Vetropack, the year 2019 was all about “Strategy 2030” . During this strategic journey, Vetropack Group developed its compass for the next decade, setting the guidelines for successfully shaping the company’ s future.**

Vetropack can look back on a successful few years in terms of corporate development. With a view to continuing to position itself as a strong market player in the future and for the long term, it initiated a comprehensive strategic transformation process in 2019. The aim of this was to find new growth potential in the existing business as well as to identify new topics for the future and business models for Vetropack in 2030.

## **Moving into the future with an open approach to strategy**

Vetropack deliberately opted for an open approach. The focus here was on breaking away from traditional ways of thinking and acting, and adopting and allowing other, new, perspectives. On the one hand, this open approach meant opening up internally, with over 100 employees being actively involved in the process, thus making the best possible use of the wealth of experience and comprehensive know-how offered by Vetropack staff for strategy development. Vetropack has also consciously decided to open up to the outside world, bringing new perspectives and impetus into the process by involving customers as well as experts from various industries and fields of experience.

## **Identifying a strategic starting point and future potential**

To begin with, an important element of the strategy work was to precisely pinpoint the strategic starting position in line with Vetropack’s current business model and to gain an accurate understanding of the company’s core areas of expertise and market positions, as well as the customer benefits created from today’s perspective. Special attention was also paid to future trends and developments in the immediate and wider environment, in order to optimally integrate future trends and dynamics relevant to Vetropack Group into the strategy development process. Innovative methods for identifying new, digital, disruptive business models were also incorporated into the process, offering the potential to replace existing, traditional business models and products in the future and thus significantly change the glass industry. Developments in the area of sustainability and in terms of increasing digitalisation and technology are other factors worth mentioning in this regard.

## Cornerstones of the Vetropack Strategy 2030

Based on the knowledge gained, initial work was undertaken to establish strategic potential and formulate the guidelines for 2030. The main results of the project culminated in a new guiding concept for the Group (purpose, values, big picture) along with key strategic directions and focal points for the coming years.

Vetropack will continue to consolidate its strong market position in the future and take on a leading role. Building on our existing expertise and strengths, we want to offer our customers and partners a unique range of products and services characterised by excellent quality, innovation and comprehensive customer benefits. In addition, new services will be developed and expanded in order to serve customers' needs even better and more comprehensively in the future. Existing customer relationships are to be further strengthened and new partnerships established.

A major focus for the coming years will be on innovation and digitalisation. In this respect, new opportunities have been identified at process, product and business model level. In addition to continuous product and service innovation in the core business, in the future more emphasis will be placed on business model innovations in order to open up new growth potential for Vetropack.

Sustainability is one of the greatest social and economic challenges of our time and also plays a central role at Vetropack. Our aim is to pursue a holistic approach to sustainability that continues to focus on constantly reducing the CO2 footprint, as well as to develop further and optimise the entire value chain.

Topic areas are being prioritised, accompanied by efforts to coordinate central and decentralised units and responsibilities to optimum effect. This includes a comprehensive approach to operational excellence, perfectly coordinated structures and processes within the Group and new HR and transformation initiatives.

## The steps involved in implementing the Vetropack Strategy 2030

Following the successful approval of the strategy by the Board of Directors, the years 2020/2021 will now be dominated by the implementation of individual strategic initiatives. A clear and stringent implementation process will guide Vetropack's transformation in the run-up to 2030. We look forward to this important phase and a successful future together.



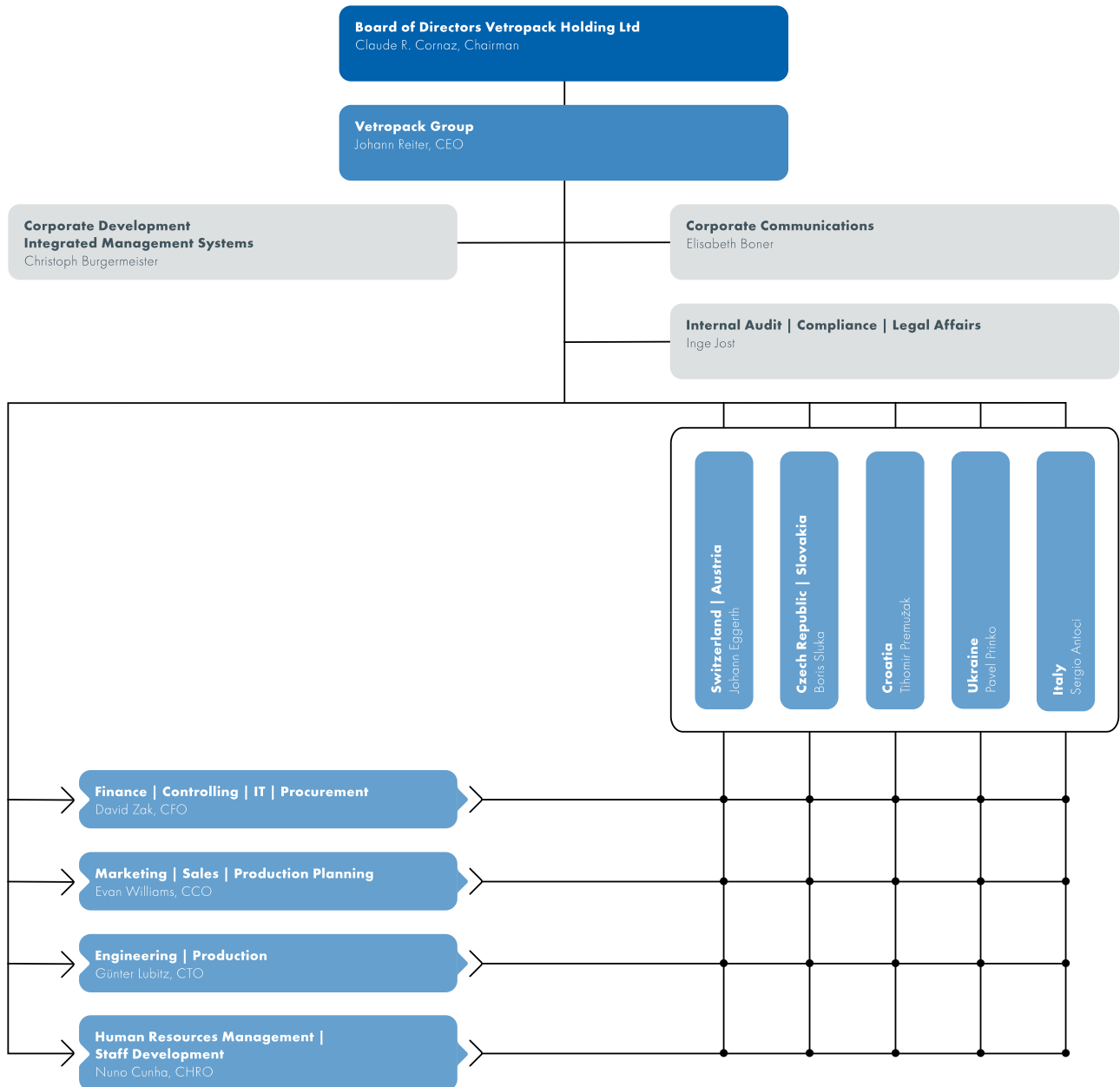
# Management Structure



## Extended Group Management

From left to right: Nuno Cunha, Pavel Prinko, Johann Eggerth, Elisabeth Boner, Johann Reiter, Boris Sluka, Evan Williams, Christoph Burgermeister, David Zak, Sergio Antoci, Günter Lubitz, Inge Jost, Tihomir Premužak

per 1 January 2020



# Organisation

per 1 January 2020

|   |                       |
|---|-----------------------|
| <b>Group Management Board</b>                           |                       |
| Johann Reiter, CEO                                      |                       |
| David Zak, CFO  |                       |
| Nuno Cunha, CHRO  |                       |
| Johann Eggerth  |                       |
| Günter Lubitz, CTO                                      |                       |
| Evan Williams, CCO                                      |                       |
| <b>Finance, Controlling, IT and Procurement</b>         |                       |
| David Zak   |                       |
| – Shared Service Centre Switzerland                     | Christian Trösch      |
| – Group Controlling and Accounting                      | Adriano Melchiorretto |
| – IT  | Bruno Hennig          |
| – Procurement   | Ulrich Ruberg         |
| <b>Marketing, Sales and Production Planning</b>         |                       |
| Evan Williams   |                       |
| <b>Human Resources Management and Staff Development</b> |                       |
| Nuno Cunha  |                       |
| <b>Engineering and Production</b>                       |                       |
| Günter Lubitz   |                       |
| <b>Corporate Development</b>                            |                       |
| <b>Integrated Management Systems</b>                    |                       |
| Christoph Burgermeister                                 |                       |
| – Quality Management                                    | Andrea Steinlein      |
| – Quality Assurance                                     | Christoph Böwing      |
| – Occupational Safety + Health                          | Nenod Horvath         |
| <b>Corporate Communications</b>                         |                       |
| Elisabeth Boner   |                       |
| <b>Internal Audit, Compliance, Legal Affairs</b>        |                       |
| Inge Jost   |                       |
| <b>Business Unit Switzerland/Austria</b>                |                       |
| Johann Eggerth  |                       |
| <b>Marketing + Sales</b>                                | Herbert Kühberger     |
| – Switzerland   | Christine Arnet       |
| – Austria   | Herbert Kühberger     |
| – Export Europe West                                    | Leopold Siegel        |
| <b>Finance + Administration</b>                         | Bernhard Karrer       |
| <b>Logistics</b>  | Werner Schaumberger   |
| <b>Plants and Production</b>                            |                       |
| – St-Prex Plant   | Philippe Clerc        |
| – Pöchlarn and Kremsmünster Plant                       | Thomas Poxleitner     |

|  |                    |
|--|--------------------|
| <b>Business Unit Czech Republic/Slovakia</b> |                    |
| Boris Sluka                                  |                    |
| <b>Marketing + Sales</b>                     | Dana Švejcarová    |
| – Czech Republic                             | Dana Švejcarová    |
| – Slovakia                                   | Zuzana Hudecová    |
| – Export Europe East                         | Vlastimil Ostrezi  |
| <b>Logistics</b>                             | Jaroslav Mikliš    |
| <b>Engineering</b>                           | Miroslav Šebík     |
| <b>Kyiv Plant</b>                            |                    |
| – Production                                 | Antonín Pres       |
| – Finance + Human Resources                  | Milan Kucharčík    |
| <b>Nemšová Plant</b>                         |                    |
| – Production                                 | Roman Fait         |
| – Finance + Human Resources                  | Eva Vanková        |
| <b>Business Unit Croatia</b>                 |                    |
| Tihomir Premužak                             |                    |
| <b>Marketing + Sales</b>                     | Darko Šlogar       |
| <b>Finance</b>                               | Marija Špiljak     |
| <b>Logistics</b>                             | Robert Vražić      |
| <b>Engineering</b>                           | Velimir Mrkus      |
| <b>Human Resources</b>                       | Damir Gorup        |
| <b>Production</b>                            | Josip Šolman       |
| <b>Business Unit Ukraine</b>                 |                    |
| Pavel Prinko                                 |                    |
| <b>Marketing + Sales</b>                     | Hennadiy Arsiriy   |
| <b>Finance</b>                               | Nataliia Bukreieva |
| <b>Logistics</b>                             | Serhii Kazhan      |
| <b>Engineering</b>                           | Mikola Marchenko   |
| <b>Human Resources</b>                       | Maria Dukhnenko    |
| <b>Production</b>                            | Roman Yatsuk       |
| <b>Business Unit Italy</b>                   |                    |
| Sergio Antoci                                |                    |
| <b>Marketing + Sales</b>                     | Francesco Bonazzi  |
| <b>Finance</b>                               | Alberto Borroni    |
| <b>Logistics</b>                             | Luca Marini        |
| <b>Engineering</b>                           | Rocco Callea       |
| <b>Human Resources</b>                       | Annalisa Girardi   |
| <b>Plants and Production</b>                 | Benedetto Troia    |
| <b>Group Companies</b>                       |                    |
| Vetroconsult Ltd                             | Günter Lubitz      |
| Müller + Krempel Ltd                         | Mark Isler         |
| Vetroreal Ltd                                | Matthias Bieri     |





Foundations for success

# Material Topics and Performance Review

## Definition of the key financial and non-financial issues

For the first time, the Vetropack Group will provide a comprehensive report on its financial and non-financial performance for fiscal year 2019 within the framework of an integrated business report. The company defined the focus of its reporting on the basis of a materiality analysis carried out in the year under review. Here, Vetropack evaluated which issues are of particular importance for its stakeholders and for securing short, medium and long term business success. The company also assessed which topics have a significant impact on sustainable development (economic, social and environmental).

This process is derived from the requirements for the sustainability reporting of the Global Reporting Initiative (GRI), which specifies the evaluation of stakeholder relevance and an assessment of impact. The evaluation of commercial relevance as a third dimension ensures that the key issues are closely linked with the core business. The process is therefore also compatible with the recommendations of the International Integrated Reporting Council (IIRC).

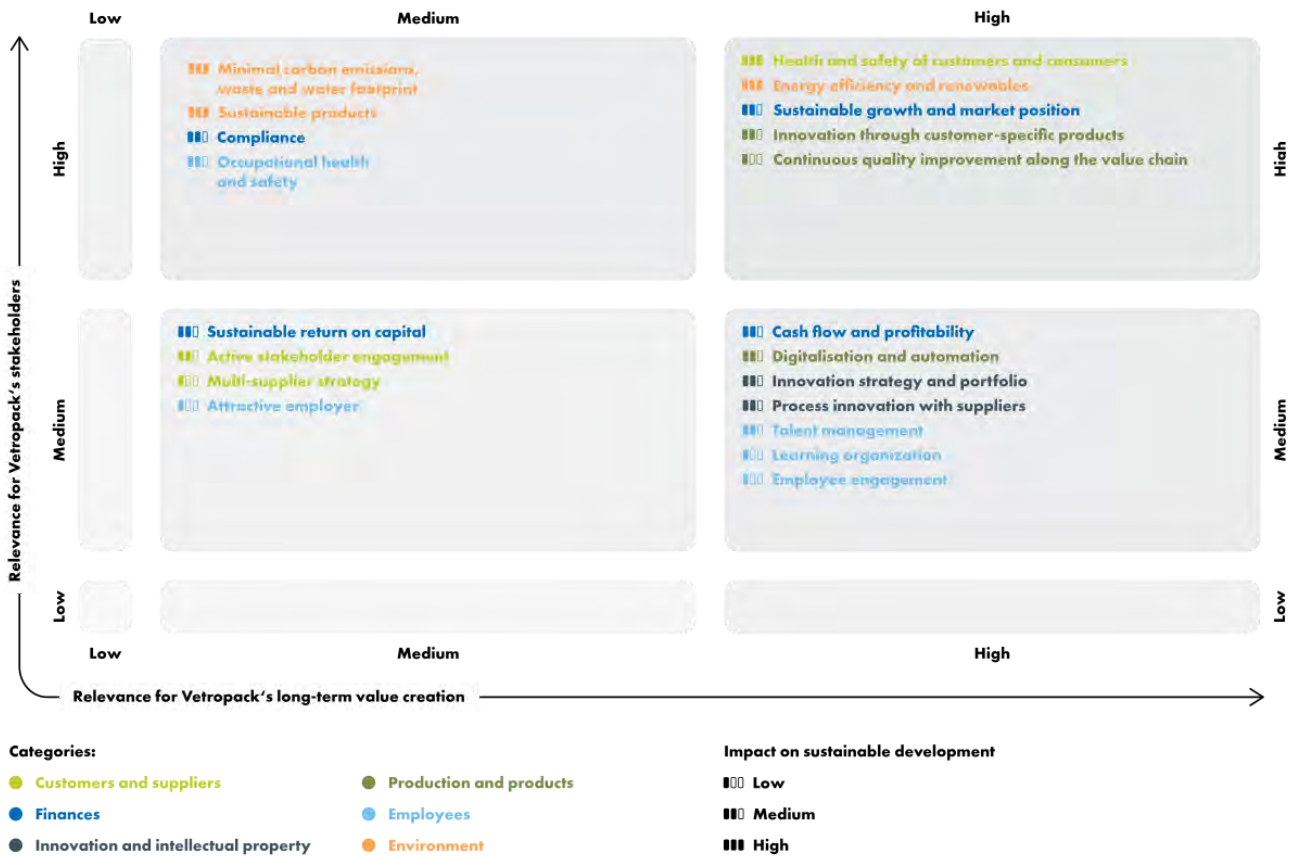
In defining the key issues, Vetropack used the following six dimensions based on the six capitals of the IIRC as a framework to evaluate issues in various financial and non-financial areas:

- Customers and suppliers
- Finances
- Innovation and intellectual property
- Production and products
- Employees
- Environment

The issues were evaluated within the framework of a workshop for the Extended Group Management and an extended group of managers with responsibility for the various issues. No external stakeholders were included in the materiality analysis. External perspectives were included through the participation of various managers with responsibility for the issues in question, who brought an in-depth understanding of the concerns of various stakeholder groups. Following the workshop, the results were consolidated and validated by the CEO and external specialists. The results of the materiality analysis are presented in the following matrix. It provides Vetropack with the basis for the strategic focus and structure of the reporting. Accordingly, the “Performance Review” and “Sustainability Report” chapters of the 2019 integrated report are divided on the basis of the above-mentioned six dimensions.

This page contains information on the following GRI disclosures: 102-46, 102-49.

## Materiality matrix



This page contains information on the following GRI disclosure: 102-47.



# Customers and suppliers

## Active stakeholder engagement

Frank discussions and open co-operation help Vetropack to anticipate the needs of customers and other stakeholders, to identify business opportunities and to establish competitive advantages. The stakeholder groups, which influence Vetropack's business activity or are affected by it, include investors, customers, suppliers, employees and their representatives, the general public and society in general, including supervisory authorities, legislators, trade associations and non-government organisations (NGOs).

Vetropack Story: Bloggers discover glass with all their senses



Information on communication with employees can be found in the Performance Review under "[Employee engagement](#)".

Find out more about supplier relationships in the Performance Review under "[Process innovation with suppliers](#)" and "[Multi-supplier strategy](#)".

More detailed information on the issue of customer loyalty can be found in the Performance Review under "[Innovation through customer-specific products](#)".

Additional information on engagement with other stakeholder groups, such as investors and associations, can be found in the Sustainability Report under the issue "[Stakeholder engagement](#)".

## Multi-supplier strategy

Vetropack pursues a multi-supplier strategy to guarantee a smooth production process. This strategy secures its supply of raw materials and equipment and minimises risks in the supply chain, such as being disproportionately dependent on suppliers. The Group attaches great importance to strengthening and expanding co-operation in the supply chain, especially with suppliers of strategic importance.

On the supplier side, the trend is towards consolidation and concentration, especially with suppliers of equipment. The global expansion in capacity in the glass packaging industry also led to a dramatic increase in demand for production equipment and consequently to longer throughput times. These developments contributed to Vetropack increasingly concentrating on identifying new suppliers. New suppliers make it easier to implement the multi-supplier strategy, such as in the case of specialist suppliers of sodium carbonate. However, it is more difficult to prevent dependencies on individual suppliers in monopolistic markets, such as in the software sector. In these markets, it is virtually impossible to change suppliers without material negative consequences.

In 2019, Vetropack continued its analysis of the market and identified potential new suppliers, which were checked in accordance with the requirements of the code of conduct for suppliers. The assessment criteria include compliance with quality standards, information about the owners, financial performance indicators, the number of employees and the company's history. The Group also carries out integration tests with new suppliers on an ongoing basis. One result of these efforts was the successful validation of a supplier of testing technology, followed by the installation of new testing machinery. Vetropack also succeeded in extending long term contracts with strategically important suppliers. It is increasingly difficult to extend contracts in this way given the lack of clarity regarding the global economic outlook and the challenges of long term planning associated therewith.

The validation and integration of additional suppliers to secure procurement of raw materials and equipment are short term priorities. In the execution of digitisation projects, in particular, Vetropack endeavours to find a balance between collaborating with specialists and avoiding dependencies.

Vetropack uses key performance indicators (KPIs), such as the number of active suppliers per category and the number of long term contracts, to measure progress in its supplier strategy. The aim is to minimise supply and price risks and to establish alternatives to improve Vetropack's negotiating position.

## **Health and safety of customers and consumers**

Its high quality and professional processing of the packaging material glass mean that Vetropack not only protects the packaged drinks and foodstuffs but also consumers' health. The company checks each individual glass container. Product quality and security is therefore an essential factor, which is taken into account for each product development in accordance with clearly defined criteria. Vetropack uses specific quality indicators, which are covered by commercial secrecy, to measure quality and security.

In 2019, Vetropack again invested in refining the quality control process for products. The quality assurance work group is pressing ahead with the harmonisation of the quality assurance processes. For example, it successfully implemented a project to standardise the error code by which product defects are defined to ensure that statistical recording is uniform in all plants. Vetropack also invested in improving testing technology. For instance, among other changes, the latest versions of the testing sets, which are more effective in detecting faulty glass containers, were installed. In future, the development process is to be upgraded and the specific quality and security requirements of the various product groups are to be more precisely differentiated.

# Finances

Demand for glass packaging on the European market increased by around 2% for the third year in succession and made a significant contribution to Vetropack's successful operating result. The positive performance is also a result of measures to improve environmental practice in glass production in the last two decades. These include efforts to reduce the weight of glass containers, to cut energy consumption and to increase the proportion of cullets in production, for example. Increasing concern about the negative effects of plastic on the environment and health also boosted interest in glass packaging.

Vetropack invests continuously in expanding its production facilities and recycling systems, which ensure an adequate supply of cullets. It also supports research with the aim of reducing the environmental impact of glass packaging. Vetropack promotes sustainable growth by positioning itself with existing and new products in markets in which it can exploit and develop its strong market position.

Vetropack's sustainable growth goes hand in hand with improved cash flow, which facilitates investment that secures a sustainable return on capital and reduces environmental impact.

## Financial figures 2019

|                         |                   | +/-   | 2019  | 2018  |
|-------------------------|-------------------|-------|-------|-------|
| Net Sales               | CHF millions      | 3.5%  | 714.9 | 690.7 |
| EBIT                    | CHF millions      | 15.1% | 90.2  | 78.4  |
| Consolidated Profit     | CHF millions      | 25.6% | 73.0  | 58.1  |
| Cash Flow*              | CHF millions      | 12.8% | 153.1 | 135.7 |
| Investments             | CHF millions      | 4.9%  | 123.7 | 117.9 |
| Production              | 1 000 metric tons | 1.0%  | 1 460 | 1 445 |
| Unit Sales              | billions          | 0.1%  | 5.16  | 5.16  |
| Exports (in unit terms) | %                 | -     | 43.9  | 42.5  |
| Employees               | number            | 2.3%  | 3 366 | 3 291 |

\* operating cash flow before change of net working capital

## Cash flow and profitability

Vetropack's growth is largely financed from its own resources. Improving cash flow and profitability is therefore key to releasing capital for investment in the continuous development of the company.

In 2019, operating cash flow increased by 12.8% to CHF 153.1 million (2018: CHF 135.7 million). The improvement is attributable to increased demand and the improvements in efficiency achieved. In 2019, Vetropack invested CHF 123.7 million in further expanding its production facilities. In total, two furnaces in Slovakia and in Ukraine were restored, which consume up to 18% less energy and increase production capacity.

In recent years, Vetropack invested considerable sums in the development of a lighter recyclable glass. In the year under review, Vetropack introduced the new product under the name Vetropack Improved Performance Glass (VIP Glass) and concluded the first contracts of sale. For the future, the Group is focusing on both the development of the VIP Glass product line and on increasing production capacity.

[Vetropack Story: Multi-trip bottles from lightweight glass](#)





Vetropack plans to commission a new glassworks with cutting-edge technology in Italy in 2022. Increased production capacity combined with improved efficiency will strengthen Vetropack's position on the Italian market and secure profitability long term. The project will not only improve efficiency but also production capacity and will push capital expenditure (CAPEX) well above the normal mere maintenance level now and in the next few years.

In line with the objectives of the strategy revision, Vetropack expects these initiatives to have a positive impact on cash flow in the medium to long term. Progress is measured on the basis of KPIs, such as the costs per tonne of saleable glass produced, energy consumption per tonne of glass and the contribution margin per glass container.

## Sustainable growth and market position

Vetropack benefited from persistently favourable market sentiment in Europe and again recorded excess demand in the fiscal year. Despite increased capacity and a constantly high work load, high demand led to restrictions in supplying customers with products.

Customer satisfaction is crucial to Vetropack's continuous economic success. To understand the needs of customers and their perception of Vetropack more accurately, the Group carried out a Voice-of-Customer survey in 2019. The results showed that production bottlenecks and the longer waiting times associated therewith for products to be delivered led to dissatisfaction among customers. To strengthen its market position, Vetropack fosters its good customer relationships, invests in expanding its production capacity, maintains a quality management programme and encourages innovation.

[Vetropack Story: The 2019 customer benefit analysis](#)



In 2019, Vetropack implemented numerous projects, which allowed an increase in net sales of approximately 3.5%. The "Leadership in Quality" quality management programme is also expected to improve customers' experience by boosting product quality, traceability and improving work results.

## Sustainable return on capital

Vetropack creates a business environment that encourages sustainable growth by setting targets for a sustainable return on capital, which take account of both the long term needs of stakeholders and environmental, social and economic effects.

High costs and the limited availability of CO2 certificates are leading to an increase in investment in energy-reducing technologies. Even though such investments generate a low economic return on investment (ROI), they will enable a very positive environmental ROI in the long term. Measures implemented in 2019 include the installation of additional exhaust filters, the expansion of cullet processing facilities and the construction of new furnaces that consume less energy. Investment in a new, ultra-modern factory in Italy promises to make a positive contribution to a sustainable return on capital in the future.

The sustainable return on capital is tracked and measured using the return on capital employed (ROCE).

## Compliance

Fair behaviour that forbids bribery, corruption and discrimination, among other things, is one of Vetropack's principles. The relevant guidelines are laid down in the Code of Conduct and in the Business Ethics Policy. The Supplier Code regulates compliance with human rights in the value chain. Compliance with this Code is checked in regular supplier audits.

Increasing digitisation means that data security has become more important. To satisfy this development, Vetropack has created the function of Chief Information Security Officer (CISO). Not only was a directive on data security implemented but various technical and contractual measures were also defined and implemented. Besides data security, the issue of data protection was also followed up and the principles of the European General Data Protection Regulation were also introduced in Vetropack companies outside the EU. Vetropack provided its main suppliers with information about data security and data protection at a Vetropack event organised for this purpose and started discussions about these issues.

# Innovation and intellectual property

With an open innovation strategy, Vetropack is developing the ancient craft of glass production in evolutionary and revolutionary steps. Vetropack is pressing ahead with organisational innovations and also focusing on the all-encompassing development of the container glass production process. In so doing, the company is exploiting opportunities for digitisation and automation. Vetropack also aims to satisfy more demanding customer requirements with innovative, high quality and environmentally friendly products in future and position itself successfully in selected markets.

## Innovation strategy and portfolio

To ensure progress in the glass production process, exploit the potential for improvement in the company's organisation and develop new products, Vetropack is focusing on cooperation with suppliers and making systematic use of its employees' expertise.

The provision of financial and personnel resources was key to the development of the innovation strategy and the innovation portfolio in 2019. It allowed Vetropack to increase its use of lubricating robots, meaning that occupational safety and productivity in Vetropack glassworks was improved. The company achieved further progress in the manufacturing process for lightweight glass packaging.

Vetropack Austria GmbH established the VIP cost centre in 2019 and successfully launched the new VIP Glass bottle on the Austrian market. A special thermal hardening process makes VIP Glass bottles especially light and stable. Development and commercialisation of the first product took up a great deal of time and considerable resources. The development and introduction of additional VIP products, supported by the establishment of a VIP Glass division, is now well up on Vetropack's innovation agenda. By means of additional innovations to its processes, the company also aims to boost productivity and reduce change-over times.

[Vetropack Story: Multi-trip bottles from lightweight glass](#)



Vetropack uses the number of newly launched VIP Glass items and their performance to check progress in implementing the innovation strategy and the innovation portfolio. Other key figures, which are evaluated and checked every year relate to COS emissions, which are produced during the melting process, the return on investment (ROI), earnings before interest, taxes, depreciation and amortisation (EBITDA) as well as productivity.



## Process innovation with suppliers

In 2019, Vetropack focused on the identification and exploitation of potential for innovation along its entire supply chain. Progress was achieved in production not least thanks to successful collaboration with new and existing suppliers. For example, new inspection machines were installed together with a supplier that specialises in inspection technologies, which allow us to recognise fault patterns more rapidly.

To improve the moulding process, Vetropack has attached reproducible glass tear feeder machines to various moulding machines in collaboration with Bucher Emhart Glass. The next item on the agenda is the implementation of options for the digital improvement and automation of processes in the moulding workshop. For instance, one project is to increase and stabilise the rate at which gobs fall to achieve more even gob loading. Vetropack also plans to install end-to-end solutions for production and to integrate systems horizontally. The aim is to boost supplier integration and to guarantee the traceability of glass containers. A platform for this purpose is currently in the planning stages.

# Production and products

## Continuous quality improvement along the value chain

Vetropack views quality not merely as a characteristic of its products but endeavours to improve the quality of all processes continuously throughout the value chain and coordinate them in accordance with the “One brand, one quality” motto. Firstly, this is necessary to satisfy customers’ more stringent demands, secondly it will improve efficiency. It will also improve occupational safety and reduce environmental pollution.

Performance Review: Occupational health and safety



Performance Review: Environment



Since 2018, the “Quality Assurance” specialist group responsible for quality assurance has been driving the standardisation of quality assurance processes in the various Vetropack plants. The aim was to standardise existing quality processes Group-wide. Accordingly, defect codes were harmonised to simplify communication across all plants. Vetropack also introduced an SAP module to evaluate complaints more accurately. This module helped to implement measures with the greatest potential for improvement Group-wide, such as the standardisation of statistical testing intervals.

The launch to the “Vetropack Production System” (VPPS) project also took centre stage in 2019. Its aim is to reduce wastage of all kinds systematically in the sense of “lean production”. These include overproduction, defects, waiting times, unnecessary movements and transports as well as inefficient processes and inventories, for example. The target is to avoid all activities that do not contribute to customer benefit. This requires existing processes to be questioned constructively and wastage to be identified and reduced in workshops. Having successfully implemented a project in the moulding workshop in the pilot site at Pöchlarn in 2019, Vetropack has also started initial preparations in Kremsmünster and plans to introduce VPPS in all sites gradually over the next few years.

In addition, the major furnace renovation projects in Nemšová (Slovakia) and Gostomel (Ukraine) also achieved comprehensive improvements in the quality of the glass containers produced.

Over the next few years, the “Leadership in quality” and “Group first” initiatives will be developed in addition to implementing the “Vetropack Production Systems”. They will raise awareness of continuous quality improvement even further.

## Digitalisation and automation

At Vetropack, digitisation and automation initiatives are key to sustainable business development. The company is using the range of new technologies to develop its processes. In the context of its decision-making processes, Vetropack also benefits from a more accurate database and can improve efficiency through automation solutions.

Group-wide harmonisation and standardisation of operating and production processes make automation possible. Improvements in quality and increases in productivity can be achieved by this means. Digitisation is taking place in all divisions, whether in the simplification of administration processes or in production. Vetropack therefore developed a digitisation roadmap in 2019 in which measures to make the fourth industrial revolution a reality are laid down. Five of the projects on the roadmap were implemented in the year under review. Besides the energy management system and a new SAP solution, which creates the basic requirements for digitisation at Vetropack, the company has also introduced programmes for automated invoicing, document management and for regulating workflows in product development. The production process was also made more stable and reproducible through the use of lubricating robots. Use of mould lubricants was also reduced by around 70%. Use of robots also released employees from onerous routine work and improved occupational safety.

Further automation and digitisation projects planned relate, for example, to switching production planning to the new SAP system, changing the reporting tools both for Group-wide and HR-specific KPIs and the introduction of a supplier invoice management and procurement platform. Further steps are also planned in the production process; the company is also evaluating how it can use Big Data in future.

## Innovation through customer-specific products

Vetropack converts ideas into products and, in doing so, guarantees a high standard of service and quality. The Group is therefore well equipped to live up to market demands and be a step ahead of its competitors. A key characteristic of the product development process are short communication channels between the production teams and customers. They allow Vetropack to react to customers' requirements at any time and develop new products within a short period.

[Vetropack Story: Designing and constructing glass packaging](#)



In 2019, Vetropack changed the colour of one of its furnaces in the Nemšová plant to blue to produce a series of blue bottles on behalf of a customer. Other customer-focused product launches included lighter weight beer bottles for an Austrian brewery. The Group also helped customers convert from other packaging materials to glass packaging, which is becoming more relevant in sectors such as the milk industry especially. Vetropack is proud of the fact that it continuously develops innovative products for its customers. However, different price expectations or capacity bottlenecks make successful product innovations more difficult in part. Vetropack therefore invested in the continuous training of its employees and in additional production capacity in the year under review. The company also cut its cost base to improve product access.

[Vetropack Story: Special production at Vetropack Slovakia](#)





The Group continues to concentrate heavily on the development of VIP Glass technology and will use its excellent understanding of local markets to develop a marketing strategy for VIP Glass.

[Vetropack Story: Multi-trip bottles from lightweight glass](#)



# Employees

Vetropack's sustained growth and market success are largely due to its employees. Therefore, continuous commitment from employees, the promotion and development of talent and a learning organisation are crucial to remaining innovative and competitive.

To support its employees in the change processes resulting from digitisation and automation, the Group is creating a working environment that encourages employee development. Continuous learning is enshrined in the company's vision and its fundamental values. Although changes create new opportunities for the company and its employees, change can also trigger a feeling of uncertainty and unease. The Group therefore pays particular attention to involving employees sufficiently in change processes and supporting their development.

## Employee engagement

Employees take centre stage in the Vetropack Group's sustainable performance. The company therefore focuses on continuous discussion with its employees. Greater focus on sustainability in the business environment and renewed interest in glass as a "green" product made a positive contribution to employees' motivation, giving them a greater sense of assurance as to the sense and purpose of their work.

Vetropack's "Group first" philosophy promotes its corporate culture and cohesion among the heterogeneous and diverse workforce in all countries. At the same time, Vetropack's philosophy illustrates the advantages of an international company, such as international career opportunities and the exchange of best practices. In 2019, Vetropack continued its series of "CEO Talks" at all sites to foster open discussions between employees at all levels. Vetropack carried out a Group-wide engagement survey to check employee satisfaction for the first time in the year under review. The participation rate of 76% is evidence of employees' confidence that top management takes their concerns seriously. The survey also creates the preconditions for transparent discussions about strengths and weaknesses in the company and provides the basis for changes and improvements. The results of the survey showed that issues such as management and communication are key to employees' constant commitment and must be promoted more.

[Vetropack Story: CEO Talks](#)



## Attractive employer

Vetropack has always been known as a good employer at its locations. In conjunction with the considerable name recognition of the Vetropack brand as a high quality Swiss glass container manufacturer, the Group has always been able to attract top talent. The competences sought and their availability are changing with the global trends of demographic change, digitisation and automation, and diversity. As part of its revision of strategy, Vetropack reviewed its employer value proposition (EVP) and pursues a proactive approach to attracting talent. The aim is to make Vetropack known as a first-class employer and recognised brand outside its immediate reach.

## Learning organisation

In a fast-moving sector with a scarce talent pool, highly qualified employees and their continuous development are crucial to Vetropack's competition capacity.

At its in-house training centre in Pöchlarn (Austria), Vetropack ensures that valuable expertise is passed on to the next generation of glass makers before key personnel retire. The newly established Corporate Human Resources department was tasked with creating the framework conditions for a learning organisation and enshrining a continuous learning mentality in the company. The Human Resources department improves the range of learning and development opportunities continuously. In the year under review, Vetropack implemented a new learning management system and a library with 800 online courses for employees. Upcoming priorities include the development of specific curricula for each key area and each function. For the training and development of its employees, Vetropack pursues an integrated learning approach, which contains a mixture of classroom events within the Vetroacademy, accelerated onboarding programmes and customised online courses.

KPIs and instruments to measure progress and the efficiency of the learning organisation are currently being developed.

## Talent management

In view of the competition for and lack of talent in the glass industry, the promotion and retention of talent are key factors in securing long-term corporate success

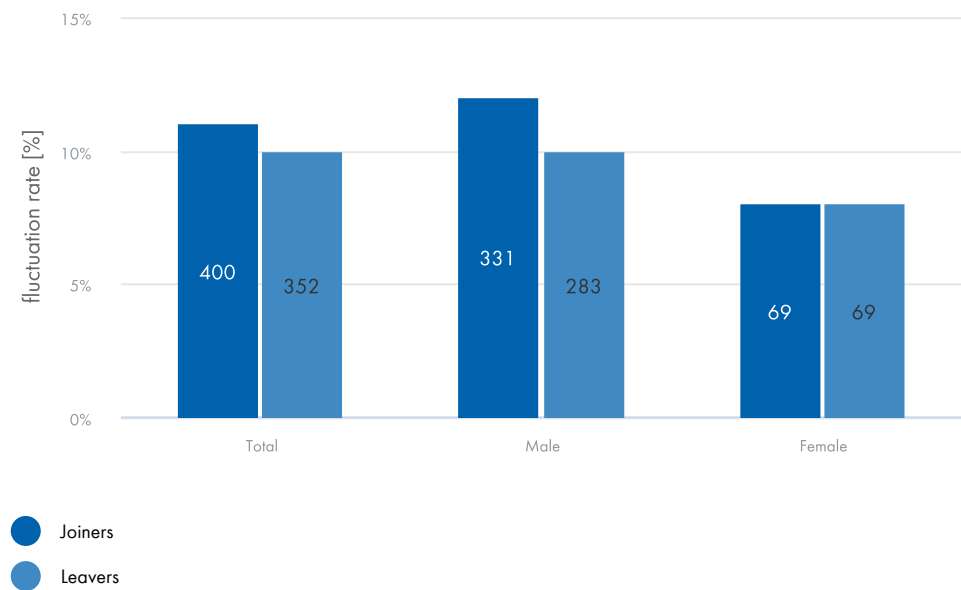
In the year under review, Vetropack implemented a "talent and organisation review process" (TOR) at Group level to improve talent management within the company further. The process comprises two steps, which include both a talent assessment and an assessment of the organisation. The talent assessment includes the Group-wide identification of employees who not only have the ambition and desire but also the abilities required to develop in their role to become an expert or a manager. The Human Resources department will work out a plan to encourage the development of talents with these employees and their line managers. In reviewing the organisation, Vetropack concentrates on identifying areas in which a succession solution must be secured.

Managers are critical to successful talent management. The company therefore encourages their skills in identifying talent and strengthening their loyalty to the company. To support executives, the Human Resources department has developed a special programme within the framework of the Vetropack Vetroacademy to accelerate learning progress for managers.

KPIs for measuring talent management include talent retention, staff turnover and the percentage of management positions filled internally compared with external candidates.



### Fluctuation by gender (rates and absolute numbers)



## Occupational health and safety

As a responsible employer, the well-being and health of employees is a major concern for Vetropack.

The occupational safety team discusses safety matters across all plants. In 2018, a work group carried out an evaluation of requirements and highlighted potential for improvement in line with the "Safety first" philosophy. Cooperation and communication were further improved in the year under review. To ensure occupational safety and health protection continually, Vetropack has all production plants certified in accordance with ISO 45001 (Occupational Health & Safety). The company plans to start implementing measures to comply with the standard in 2020.

Vetropack aims to boost productivity and satisfaction at work and reduce absences through the proactive and preventive promotion of occupational safety and employees' health. The company measures its progress at Group level through the industrial accident rate and the failure rate based on accidents at work. For internal purposes, additional objectives are set and pursued at the level of business units.

### Key indicators occupational health and safety

| Occupational safety: Work-related injury rates and lost days <sup>1)</sup>                 | 2019  | 2018  |
|--|-------|-------|
| Occupational accident rate <sup>2)</sup>   | 3.9   | 4.5   |
| Lost days <sup>3)</sup> due to work-related injuries or occupational diseases              | 167   | 167   |
| Total lost days <sup>3)</sup> incl. all cases due to non-work-related injuries or diseases | 1 438 | 1 452 |

<sup>1)</sup> Per 200,000 scheduled working hours (≈100 full time equivalents).

<sup>2)</sup> Accidents on factory premises which necessitated medical treatment.

<sup>3)</sup> Working days are considered lost if an absence of more than half a day is reported.

# Environment

## Sustainable products

Glass is a sustainable packaging material, which is manufactured from natural raw materials and is optimally recyclable. Environmentally friendly business is therefore a fixed component of the Group's business philosophy and core business. The company endeavours to reduce its environmental footprint every year, as customers and consumers increasingly expect transparency with regard to environmental impact and the traceability of glass packaging. The glass industry, which can make a major contribution to energy efficiency and climate protection because of its substantial energy consumption, is also subject to increasing regulatory pressure.

The relevant parameters for the environmental footprint of glass production include production technology, energy consumption, the weight of the manufactured glasses, the proportion of used glass processed, and distance and mode of transport. Vetropack therefore works continually at making the production steps more energy efficient, increasing the proportion of used glass and making the glass containers lighter without impairing the quality and safety of the products as a result. Vetropack also pays attention to reducing water consumption and generating as little waste as possible.

Vetropack works at various levels to live up to this aspiration. The company promotes environmentally friendly innovation via internal specialist groups, invests in new technologies, compiles environmental figures across the Group and is involved in international bodies. Through its involvement with the "International Partners in Glass Research" (IPGR), Vetropack encourages research into environmentally friendly technologies, such as CO<sub>2</sub>-neutral glass production, which could be achieved through the use of renewable electrical energy to melt used glass and the other raw materials. Other initiatives look at approaches to increase the collection rate with the aim of increasing the proportion of used glass in production.

[Vetropack Story: Photovoltaic systems at Vetropack plants](#)



## Environmental key indicators

|   | 2019           | in % | 2018           | in % |
|---|----------------|------|----------------|------|
| <b>Total energy consumption in GWh</b>                                      | <b>2 520</b>   |      | <b>2 499</b>   |      |
| Electricity   | 422            | 17%  | 403            | 16%  |
| Natural gas <sup>1)</sup>   | 2 098          | 83%  | 2 096          | 84%  |
| <b>Specific energy consumption in MWh/t<sup>2)</sup></b>                    | <b>1.73</b>    |      | <b>1.73</b>    |      |
| <b>Greenhouse gas emissions in tCO<sub>2</sub>e<sup>3)</sup></b>            | <b>635 994</b> |      | <b>629 375</b> |      |
| Scope 1 (heat & process emissions) <sup>4)</sup>                            | 496 335        | 78%  | 495 991        | 79%  |
| Scope 2 (electricity)   | 139 659        | 22%  | 133 384        | 21%  |
| <b>Specific greenhouse gas emissions in tCO<sub>2</sub>e/t<sup>2)</sup></b> | <b>0.436</b>   |      | <b>0.436</b>   |      |
| <b>Material consumption: recycled glass</b>                                 |                |      |                |      |
| Used glass green  | 65%            |      | 61%            |      |
| Used glass brown  | 53%            |      | 50%            |      |
| Used glass white  | 43%            |      | 43%            |      |
| <b>Water in m<sup>3</sup> <sup>5)</sup></b>                                 |                |      |                |      |
| Total water withdrawal  | 1 402 519      |      | -              |      |
| Municipal water supply  | 424 981        | 30%  | -              |      |
| Groundwater   | 977 538        | 70%  | -              |      |
| Total water discharge   | 1 268 790      |      | -              |      |
| <b>Waste disposal in tons</b>   | <b>69 964</b>  |      | <b>63 115</b>  |      |
| Recycling (ongoing)   | 32 560         | 47%  | 27 395         | 43%  |
| Recycling (sporadic) <sup>6)</sup>  | 3 380          | 5%   | 698            | 1%   |
| Incineration or landfill (ongoing)  |                |      |                |      |
| Industrial waste  | 29 080         | 42%  | 21 768         | 34%  |
| Hazardous waste   | 1 769          | 3%   | 1 568          | 2%   |
| Incineration or landfill (sporadic) <sup>6)</sup>                           |                |      |                |      |
| Industrial waste  | 1 978          | 3%   | 6 124          | 10%  |
| Hazardous waste   | 1 198          | 2%   | 5 560          | 9%   |

<sup>1)</sup> Incl. 4.5 GWh heating oil in 2019 (4.8 GWh in 2018)

<sup>2)</sup> Per tonnage of glass produced that satisfies all quality and safety requirements thus qualifying for sale.

<sup>3)</sup> Greenhouse gas inventory calculated in accordance with the Greenhouse Gas Protocol.

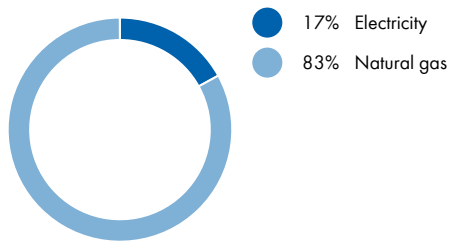
<sup>4)</sup> Process emissions result from chemical reactions throughout the glass manufacturing process.

<sup>5)</sup> Water withdrawal and discharge is only being reported since 2019.

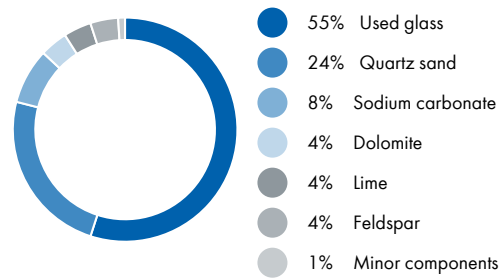
<sup>6)</sup> Waste not generated every year from ongoing operations (e.g. furnace repairs)

Data basis: All Vetropack production sites. Energy consumption from diesel generators and other combustible or motor fuels is not included as it is irrelevant when compared to the overall energy consumption.

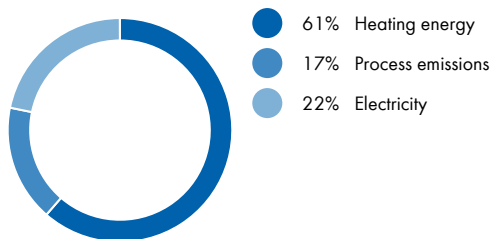
### Total energy consumption (GWh)



### Mixing ratio raw materials and used glass



### Greenhouse gas emissions by source (t CO2e)





## Increasing the energy efficiency of glass production

Glass production is associated with substantial expenditure of energy, which is incurred above all in the operation of furnaces. This is why efficiency measures are not only of benefit to the environment but also to the bottom line. The greatest leverage in the reduction of specific energy consumption comes from the repair or construction of a new furnace. With each refurbishment Vetropack tries to achieve two things: an increase in efficiency of usually around 10 to 15% and a longer useful life. This ensures that Vetropack's investment projects always involve state-of-the-art technology.

In 2019, the company refurbished the furnaces in Nemšová (Slovakia) and in Gostomel (Ukraine). The specific energy consumption of both furnaces was cut, which led to a reduction in CO<sub>2</sub> emissions.

[Vetropack Story: Coloured glass furnace overhaul](#)



## Key indicators furnace refurbishments

### Furnace in Nemšová and furnace in Gostomel

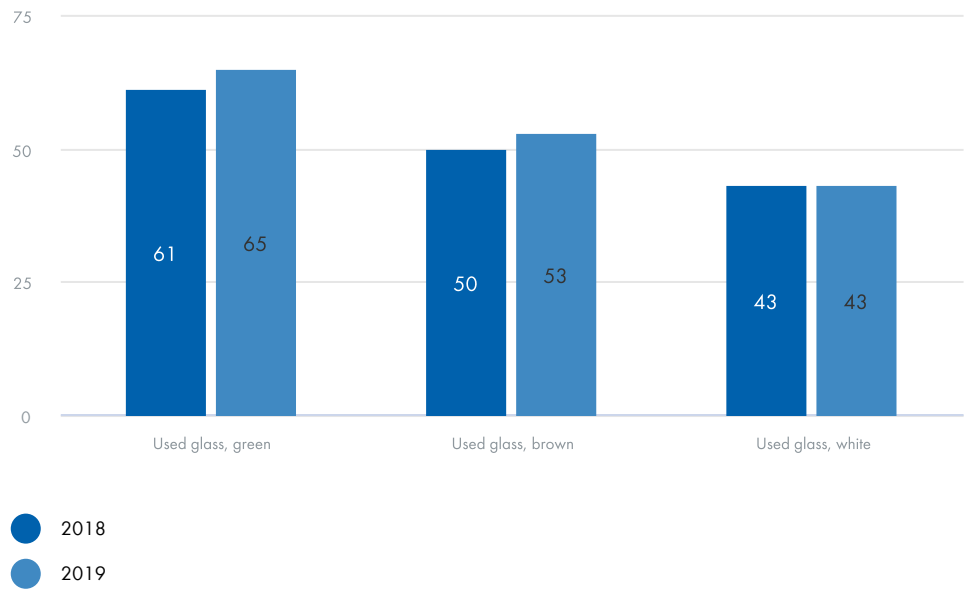
|   | before renovation | after renovation | improvement (%) |
|---|-------------------|------------------|-----------------|
| Maximum capacity (t/day)                        | 640               | 680              | +6              |
| Energy consumption (GJ/t)                       | 4.25              | 3.56             | -16             |
| Melting area (m <sup>2</sup> )                  | 223               | 234              | +5              |
| No. of forehearths                              | 6                 | 6                | –               |
| NO <sub>x</sub> emissions (mg/Nm <sup>3</sup> ) | 2 200             | 1 450            | -34             |

The energy management system developed especially for Vetropack measures the energy consumption of all glass production facilities, allows it to be managed and potential improvements identified. The system was tested in a three-year test phase in Croatia, meaning that the first results have already been obtained at the plant in Straža. With the introduction of the energy management system in all plants, Vetropack will further expand its measurement of energy consumption in 2020 to be able to implement even more effective energy saving measures in future.

## Optimising use of raw materials

A high cullet content is key to environmentally-friendly glass production. The proportion of used glass accounts for up to 80% of processed raw materials in some plants. Across all plants the proportion of used glass was 55% in 2019. Vetropack focuses on measures that increase collection rates since the availability of high quality used glass remains a key matter of consideration for the Group. In many countries collection rates are far lower than in Switzerland and Austria for example. The quality of cullets can lead to problems if they are contaminated with foreign substances, such as ceramics.

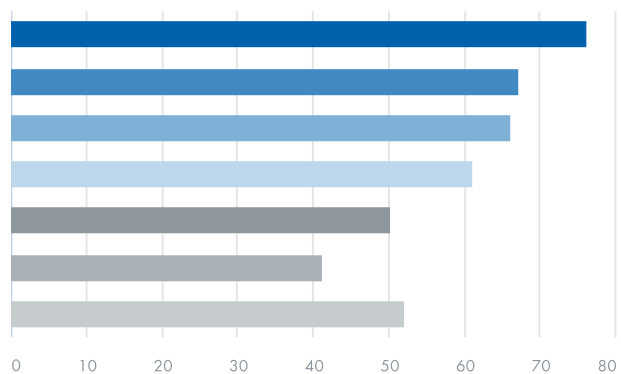
### Cullet share in the glass production



Although the political will to improve the collection of used glass is not to be found everywhere, Vetropack is optimistic with regard to the future. The collection rates prescribed by the European Union for glass will increase further, meaning that more used glass will find its way into the recycling process. This will ensure that more cullets are available.

### Cullet ratio for glass production 2019

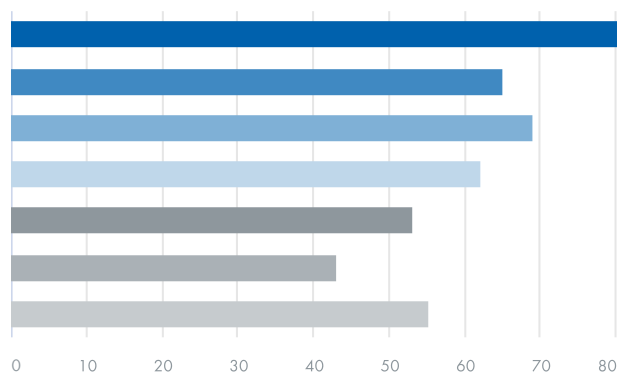
(by Group Company)



- 76% Vetropack (CH)
- 67% Vetropack Austria (AT)
- 66% Vetropack Moravia Glass (CZ)
- 61% Vetropack Nemšová (SK)
- 50% Vetropack Straža (HR)
- 41% Vetropack Gostomel (UA)
- 52% Vetropack Italia (IT)

### Cullet ratio for glass production 2019

(by colour)



- 80% Feuille Morte
- 65% Green/Vetrogreen
- 69% Olive/Cuvée
- 62% Primeur
- 53% Amber
- 43% White
- 55% Ø all colours



Foundations for success

**New designs**





## Elegant Traditional and modern

**They have been making wine at the Augustinian monastery in the town of Šardice in South Moravia since the middle of the 18th century. The Czech Vetropack plant in Kyjov makes the 0.75-litre glass bottles for the “Augustiniánský Sklep” wine.**

“Augustiniánský Sklep” wine is shown off beautifully in this flint glass bottle. The clean lines of the redesigned 0.75-litre glass bottle are simple and eye-catching. Equally eye-catching is the embossed design above the elegant label. It is inspired by the building where the Augustinian wine is made and echoes the flowing script of the name Augustiniánský Sklep.

The NEOKLAS Šardice a.s. wine business was founded in 1995. The centuries-old tradition of growing and making wine in the region of Moravia has been practised since then. Wine was first made at the Augustinian monastery in Šardice in the middle of the 18th century. The winery is constantly modernising its production methods while remaining true to the traditional ways of cultivating the vines.



## Assortments of flavours Raspberry spirit

**Vetropack Austria is making a new 0.7-litre flint glass bottle at its Pöchlarn plant for the Upper Austrian spirits producer emil-Spirituosen. This new bottle will showcase the company’s array of different kinds of schnapps superbly.**

The glass experts at Vetropack’s Austrian plant in Pöchlarn worked closely with distiller Emil Stegmüller to design the new 0.7-litre screw-cap spirits bottle. The “emil” logo, which appears engraved in lower case four times around the bottom of the bottle, immediately draws your attention. Starting from the bottle’s shoulder, mountain peaks tower right up to the neck and add an extra tactile touch to the mountains printed on the label.

emil-Spirituosen’s 0.7-litre bottle is available filled with countless flavours and can only be found on the shelves in the retail sector. The family business has been distilling spirits in the traditional way and adding modern touches to the end product for 150 years now.



## Sweet Honey from Croatia

**The two clear wide-mouth jars that Vetropack Straža makes are reserved only for honey from Croatia. Each jar must be officially registered and bear the label of the Croatian Beekeepers' Federation.**

Vetropack Straža produces the wide-mouth jars in two sizes for the Croatian Beekeepers' Federation: 720 millilitres and 580 millilitres. Two more (smaller) sizes are being developed. The design has been kept simple, with a small, engraved honeycomb motif on the front.

The flint glass jars can only be filled with honey that meets the quality standards of the Croatian Honey Regulations. Among other things, it must come from Croatia itself and bear the producer's own label. In 2018, 7 December was declared Honey Day in schools. That is the saint's day of St Ambrose, the patron saint of beekeepers, and it is also International Honey Day. All the children who had just started school in Croatia were given a jar of honey.



## Strong Gin with honey

**Für den GiniBee-Gin der Firma MR SPIRITS d.o.o. in Slowenien fertigt Vetropack Straža die weissen 0,7-Liter-Flaschen. Mit dem extravagananten Design hebt sich die Spirituose von ihresgleichen ab.**

Not only is the recipe for GiniBee gin full of mystery, but also the design of the flint glass bottles. A thin blue coating gives the 0.7-litre glass bottle a very distinctive appearance and a luxury feel, without losing the properties that make glass unique. An additional feature is the special UV print that protects the gin from UV light. The middle of the waisted bottle is decorated with an overprinted company logo in relief.

This particular spirit, distilled from juniper berries, has an especially sweet extra ingredient. Twenty per cent of the berries are soaked in Slovenian honey before being added to the gin. The company was founded by Rado Mulej, who is a well-known actor and television presenter in Slovenia.



## A royal affair

### Refreshing juniper

**King's Bridge™, a drink extremely popular in Ukraine, is changing its look. As of this year, the low-alcohol, gin-based mixed drink is also available in a 0.33 ml white glass bottle, manufactured at Vetropack's Gostomel plant.**

The Ukrainian manufacturer King's Bridge™ reviewed its production line earlier this year and made a few adjustments. Previously, the gin-based mixed drink had only been available in cans. An agreement was reached with Vetropack's Gostomel plant to manufacture 0.33 ml white glass bottles. The elegant long-necked bottle is a good match for an urban attitude to life. The transparent label also heightens its effortless style, and a twist-off crown cap finishes the look.

The three different flavours are complemented by King's Bridge Gin, specially produced for this brand. Consumers are presented with a low-alcohol sparkling drink with a unique and refreshing taste and the fragrance of juniper characteristic of gin.



## Environmentally friendly

### Total sustainability

**Vetropack Switzerland produces this cuvée-coloured 75-centilitre burgundy bottle for the first organic red wine made by the Rouvinez winemaking family from Valais. The lightweight bottle plays a part in "Nez Noir" being generally acknowledged as one of the most environmentally friendly wines in Switzerland.**

The burgundy-style bottle is distinguished by its light weight. Less material and energy are required to manufacture it. The distance from St-Prex to the bottling plant also reduces CO<sub>2</sub> emissions.

The Rouvinez family began the switch to organic wine a few years ago. "Nez Noir" ("black nose") is the first wine to bear the "Bio-Umstellung" organic label. The wine is a blend of merlot, syrah and gamaret and is named after the Valais Blacknose sheep. In spring, these sheep graze happily on the grass and weeds between the vines. This means that the soil is maintained gently and in perfect harmony with nature.



## Fit for the future

### Tasty and attractive

**The roots of today's privately owned Egger brewery date back to the 17th century. Vetropack Austria manufactures the new 0.33-litre bottles in amber glass for the traditional brewery in the Kremsmünster plant.**

The privately owned Egger brewery from Unterradlberg in the Lower Austrian town of St. Pölten focuses on further development of its beer products in a contemporary yet down-to-earth way. All containers have undergone a comprehensive design relaunch. The 0.33-litre glass bottle harbours particular growth potential, and Egger has devoted special attention to this product. The neck of the easy-to-hold amber-glass bottle is engraved with the old brewery crest.

A really good beer in really attractive packaging: the high quality of the multi-award-winning beers is now emphasised with the new packaging. The new design succeeds in linking tradition and modernity. This is reflected in scaled-back design elements such as a simplistic freshness seal that acts as a neck label and a twist-off crown cork.

The privately owned Egger brewery brews its beer in accordance with the German Purity Law of 1516. This means its beers are brewed in the same way as ever – with only hops, water and barley malt. Most of the brewery's total output is sold in Austria and the rest is exported.



## Refreshing

### A fusion of select ingredients

**Early last year Coca-Cola launched its premium "Fuzetea" brand on Europe's markets, including the Czech Republic and Slovakia. Vetropack Kyjov is responsible for making the new 0.25-litre multi-trip bottle.**

The new 0.25-litre multi-trip bottle for Fuzetea has been exclusively designed for Coca-Cola. The handy bottles are produced for the catering trade in response to market requirements. The first multi-trip bottles reached Czech and Slovak consumers in June, just in time for summer.

The globally successful, fast-growing range of Fuzetea drinks is based on a fusion of sustainable tea extracts with fruit juices and herbs or aromatic flowers. With each variety, this fusion offers a multi-layered taste experience for relaxing moments, be they conjured up by subtle aromas such as green mango and camomile iced tea, black iced tea with lemon and lemongrass, black iced tea with peach and hibiscus or low-calorie options.





## Silky-smooth

### The sun rises

**The Lavaux terraced vineyards are a UNESCO World Heritage Site. Their sunny location makes the steep slopes above Lake Geneva one of the most beautiful wine-growing regions in Switzerland delighting passing visitors and artists alike.**

Vetropack Switzerland produces this slightly conical 0.7 litre bottle. The sun logo, which is engraved on the neck of the new Vaudoise bottle with a BVS 28/44 mouth, echoes the sun-kissed growing region. The logo and hand-written "Chardonne" lettering were created by Vetropack designer Jean-Franck Haspel: in 2003, the winner of the Prix Vetropack got to design his own bottle, and it is this Vaudoise with its high cork finish that is still in use today. The design is owned by the "the Syndicat agricole et viticole de Chardonne et Jongny société coopérative", which is based in Chardonne, in the Canton of Vaud.



## Tender

### The traditional design

**In the Czech Republic, Božkov Originál has been associated with good quality and tradition for decades. Vetropack's Czech plant in Kyjov manufactures the 1-litre bottle for the golden-yellow Tuzemák.**

The traditional bottle for Božkov Originál is made from white glass. The label takes pride of place between two engravings – the company logo on the neck and the brand name on the base. The third engraving highlights the decades-long tradition.

Božkov Originál (previously called "Domestic Rum") has been produced at the Czech distillery Stock Plzeň-Božkov s.r.o. since 1948 and it is the biggest brand on the whole market. Its virtually unchanged make-up, comprising the finest alcohol, soft Pilsen water and different rum flavours give the drink its balanced taste. The best-selling Tuzemák in the country can be enjoyed neat but also with mixers or in baking.



## Colorful

### Pure and healthy

**Spa water from the Schlossbrunnen springs in Thalheim is not only enjoyed in its pure form but is also used as an ingredient in brewing beer and making lemonades. Vetropack Austria produces white, green and amber glass bottles for Thalheimer Heilwasser GmbH**

The 330 ml amber glass bottle provides maximum protection from light for Thalheim beer. The back of the bottle neck is adorned with a glass relief in the shape of the company logo. Besides its visual appeal, this helps to align the bottles for filling and labelling. The labels on the front, back and neck of the bottles are mainly green, the colour of the province of Styria.

The various flavours of Thalheim lemonade are also enhanced by the highly mineralised spa water. Vetropack Austria produces 330 ml bottles in white, green and amber glass. The bottle shape features a long body and distinct shoulders. The same white glass bottle for the lemonade is used for the spa water itself, which has been used since Celtic times, although this is also available in a 750 ml bottle as well as 330 ml.



## Sparkling

### Precious diamonds

**The well-known Ukrainian spirit brand Khortyt'sa has refined the look of its Premium vodka. Diamonds now decorate the 700 ml glass bottles, which are being produced at Vetropack's Gos-tomel plant.**

The high-quality vodka by the Khortyt'sa brand has adapted its design. By reworking the original shape of the bottle, we were able to meet this customer request and retain the elegant shape of the white glass bottle. The diamond-shaped engraving now stands out, creating the appearance of diamonds encasing the entire bottle. The lettering and the gold logo have also been refined in the process and the screw cap, which is also gold, completes the overall look.

The recipe combined with technological expertise is what makes this vodka unique; what makes it so popular are the wheat-based alcohol ("wheat tear") and the use of pure water. This spirit will win you over with its freshness: it is crystal-clear yet also smooth to the taste.



## Excellent Strength of character

**The Azienda Agricola Quintarelli is one of the best wineries in Italy. Its Amarone is bottled in the 1.5-litre Bordolese Golia bottle, which is produced at Vetropack's Trezzano sul Naviglio plant.**

Weighing 1.3 kilograms, the cuvée bottle has a long body that culminates in firm shoulders and an equally firm neck ending in a cork finish. Despite its simple shape, the bottle conveys elegance and strength of character at the same time. The handwritten label further emphasises the uniqueness of the product.

Giuseppe Quintarelli was a leading expert on Amarone wine and continues to inspire other winemakers even after his death. The wines do not contain any additives whatsoever and are not filtered in order to preserve their special character. Handicraft and attention to detail guarantee the highest quality for this wine with its rich tradition.



## Diverse Simple beauty

**Vetropack Kyjov is producing new 0.33-litre soft drink bottles for the well-known Bohemsca lemonades. The simple shape is reflective of the naturally sourced ingredients.**

The white glass bottle stands out because of its clear and simple shape. The proportion of used glass in production amounts to 50 %, emitting significantly less CO<sub>2</sub>. This ecological aspect suits the Bohemsca products well as they are exclusively made from natural and locally sourced ingredients. The raw products used are also featured on the labels. The practical screw cap makes the refreshing drink a good companion for everyday life and during your free time.

Bohemsca cola, lemonade and tonic water are all free from additives, preservatives and artificial colourings. The drinks are suitable for vegans as well as those with a gluten intolerance and can be enjoyed by adults and children alike. They are an expression of modern life with a hint of nostalgia.



## Intense Expression of pleasure

**Vetropack Italia produces this new 0.75-litre bottle in cuvée for the Recchia family business. The design of this bottle has been developed by Vetropack Italia in cooperation with Recchia and Euroglass. The noble bottle is suitable packaging for the full-bodied red wine from the heart of Valpolicella Classico.**

The cuvée colour, the cork finish and the long neck, which opens with curved lines on the shoulders and towards the body, give the 0.75-litre bottle a noble look. Engravings enhance the elegant shape: the name Recchia can be seen on the mouth and bottom of the bottle and the company logo is on the shoulder.

Just a few kilometres from Verona, the Recchia family has been producing its wines for over a hundred years. The 90 hectares produce Valpolicella Classico, Valpolicella Superiore, Valpolicella Ripasso Amarone and Recioto della Valpolicella. This year the Recchia winery won first prize at the 67th edition of the Palio del Recioto in recognition of its work.



## Strong Comprehensive overhaul

**Badel 1862 from Zagreb is the largest and oldest producer of wine and spirits in Croatia. It has recently completed a thorough overhaul of two of its brands – Vigor Vodka and Sax Gin – and the new bottles for these brands are being produced by Vetropack Straža.**

Vigor Vodka and Sax Gin have undergone a thorough facelift. In this process, the composition of the ingredients was modified with the help of professional bartenders and mixologists in order to properly meet the needs of the market. Alongside this, the bottles were redesigned and adjusted to global trends on the market.

The bottles' design is truly eye-catching, from its shape to its cap, right the way through to its labelling. The vodka and gin bottles are both made of white glass and produced in two sizes: 700 ml and 1,000 ml. The gin bottle is striking because of its solid, square shape. The specialists at Vetropack's Straža plant invested a lot of time in the design work and testing. For the transparent labels (the so-called "no label look"), the glass bottle must be perfect.

The new products are the result of carefully thought-out optimisation measures with the goal of offering the market attractive and modern products of the highest quality. For more than 28 years, Vigor Vodka has been the first choice amongst consumers in Croatia. For production, distillation and ice filtration, Badel 1862 adopts internationally recognised standards.